



General Assembly

February Session, 2014

Committee Bill No. 5004

LCO No. 1429



Referred to Committee on COMMERCE

Introduced by:
(CE)

***AN ACT CONCERNING AN EXPANSION OF THE HISTORIC HOMES
TAX CREDIT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-416 of the 2014 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2014, and applicable to income years commencing on or after*
4 *January 1, 2014*):

5 (a) As used in this section, the following terms shall have the
6 following meanings unless the context clearly indicates another
7 meaning:

8 (1) "Officer" means the State Historic Preservation Officer
9 designated pursuant to 36 CFR S. 61.2 (1978);

10 (2) "Historic home" means a building that: (A) Will contain one-to-
11 four dwelling units of which at least one unit will be occupied as the
12 principal residence of the owner for not less than five years following
13 the completion of rehabilitation work, (B) is located in a targeted area,
14 and (C) is (i) listed individually on the National or State Register of

15 Historic Places, or (ii) located in a district listed on the National or
16 State Register of Historic Places, and has been certified by the
17 commission as contributing to the historic character of such district;

18 (3) "Nonprofit corporation" means a nonprofit corporation
19 incorporated pursuant to chapter 602 or any predecessor statutes
20 thereto, having as one of its purposes the construction, rehabilitation,
21 ownership or operation of housing and having articles of incorporation
22 approved by the Commissioner of Economic and Community
23 Development in accordance with regulations adopted pursuant to
24 section 8-79a or 8-84;

25 (4) "Owner" means any taxpayer filing a state of Connecticut tax
26 return who possesses title to an historic home, or prospective title to an
27 historic home in the form of a purchase agreement or option to
28 purchase, or a nonprofit corporation that possesses such title or
29 prospective title;

30 (5) "Targeted area" means: (A) A federally designated "qualified
31 census tract" in which seventy per cent or more of the families have a
32 median income of eighty per cent or less of the state-wide median
33 family income, (B) a state designated and federally approved area of
34 chronic economic distress, or (C) an urban and regional center as
35 identified in the Connecticut Conservation and Development Policies
36 Plan;

37 (6) "Qualified rehabilitation expenditures" means any costs incurred
38 for the physical construction involved in the rehabilitation of an
39 historic home, but excludes: (A) The owner's personal labor, (B) the
40 cost of site improvements, unless to provide building access to persons
41 with disabilities, (C) the cost of a new addition, except as may be
42 required to comply with any provision of the State Building Code or
43 the Fire Safety Code, (D) any cost associated with the rehabilitation of
44 an outbuilding, unless such building contributes to the historical
45 significance of the historic home, and (E) any nonconstruction cost
46 such as architectural fees, legal fees and financing fees;

47 (7) "Rehabilitation plan" means any construction plans and
48 specifications for the proposed rehabilitation of an historic home in
49 sufficient detail to enable the commission to evaluate compliance with
50 the standards developed under the provisions of subsections (b) to (d),
51 inclusive, of this section; and

52 (8) "Occupancy period" means a period of five years during which
53 one or more owners occupy an historic home as their primary
54 residence. The occupancy period begins on the date the tax credit
55 voucher is issued by the Department of Economic and Community
56 Development.

57 (b) The Department of Economic and Community Development
58 shall administer a system of tax credit vouchers within the resources,
59 requirements and purposes of this section for owners rehabilitating
60 historic homes or taxpayers making contributions to qualified
61 rehabilitation expenditures. For tax years commencing on or after
62 January 1, 2000, any owner shall be eligible for a tax credit voucher in
63 an amount equal to thirty per cent of the qualified rehabilitation
64 expenditures.

65 (c) The officer shall develop standards for the approval of
66 rehabilitation of historic homes for which a tax credit voucher is
67 sought. Such standards shall take into account whether the
68 rehabilitation of an historic home will preserve the historic character of
69 the building.

70 (d) The Department of Economic and Community Development
71 may, in consultation with the Commissioner of Revenue Services,
72 adopt regulations in accordance with chapter 54 to carry out the
73 purposes of this section.

74 (e) Prior to beginning any rehabilitation work on an historic home,
75 the owner shall submit a rehabilitation plan to the officer for a
76 determination of whether such rehabilitation work meets the
77 standards developed under the provisions of subsections (b) to (d),

78 inclusive, of this section and shall also submit to the department an
79 estimate of the qualified rehabilitation expenditures.

80 (f) If the officer certifies that the rehabilitation plan conforms to the
81 standards developed under the provisions of subsections (b) to (d),
82 inclusive, of this section, the department shall reserve for the benefit of
83 the owner an allocation for a tax credit equivalent to thirty per cent of
84 the projected qualified rehabilitation expenditures.

85 (g) Following the completion of rehabilitation of an historic home,
86 the owner shall notify the officer that such rehabilitation has been
87 completed. The officer shall provide the commission with
88 documentation of work performed on the historic home and shall
89 certify the cost incurred in rehabilitating the home. The officer shall
90 review such rehabilitation and verify its compliance with the
91 rehabilitation plan. Following such verification, the Department of
92 Economic and Community Development shall issue a tax credit
93 voucher to either the owner rehabilitating the historic home or to the
94 taxpayer named by the owner as contributing to the rehabilitation. The
95 tax credit voucher shall be in an amount equivalent to the lesser of the
96 tax credit reserved upon certification of the rehabilitation plan under
97 the provisions of subsection (f) of this section or thirty per cent of the
98 actual qualified rehabilitation expenditures. In order to obtain a credit
99 against any state tax due that is specified in subsections (j) to (m),
100 inclusive, of this section, the holder of the tax credit voucher shall file
101 the voucher with the holder's state tax return.

102 (h) Before the Department of Economic and Community
103 Development issues a tax credit voucher, the owner shall deliver a
104 signed statement to the department which provides that: (1) The
105 owner shall occupy the historic home as the owner's primary residence
106 during the occupancy period, or (2) the owner shall convey the historic
107 home to a new owner who will occupy it as the new owner's primary
108 residence during the occupancy period, or (3) an encumbrance shall be
109 recorded, in favor of the local, state or federal government or other

110 funding source, that will require the owner or the owner's successors
111 to occupy the historic home as the primary residence of the owner or
112 the owner's successors for a period equal to or longer than the
113 occupancy period. A copy of any such encumbrance shall be attached
114 to the signed statement.

115 (i) The owner of an historic home shall not be eligible for a tax credit
116 voucher under subsections (b) to (d), inclusive, of this section, unless
117 the owner incurs qualified rehabilitation expenditures exceeding
118 twenty-five thousand dollars.

119 (j) The Commissioner of Revenue Services shall grant a tax credit to
120 a taxpayer holding the tax credit voucher issued under subsections (e)
121 to (i), inclusive, of this section against any tax due under chapter 207,
122 208, 209, 210, 211 or 212 in the amount specified in the tax credit
123 voucher. The Department of Economic and Community Development
124 shall provide a copy of the voucher to the Commissioner of Revenue
125 Services upon the request of said commissioner.

126 (k) In no event shall a credit allowed under this section exceed thirty
127 thousand dollars per dwelling unit for an historic home.

128 (l) The tax credit issued under subsection (j) of this section shall be
129 taken by the holder of the tax credit voucher in the same tax year in
130 which the voucher is issued. Any unused portion of such credit may be
131 carried forward to any or all of the four taxable years following the
132 year in which the tax credit voucher is issued.

133 (m) The aggregate amount of all tax credits which may be reserved
134 by the Department of Economic and Community Development upon
135 certification of rehabilitation plans under subsections (b) to (d),
136 inclusive, of this section shall not exceed ~~[three]~~ thirteen million dollars
137 in any one fiscal year.

138 Sec. 2. Section 10-416 of the 2014 supplement to the general statutes,
139 as amended by section 1 of public act 13-266, is repealed and the

140 following is substituted in lieu thereof (*Effective July 1, 2015, and*
141 *applicable to income years commencing on or after January 1, 2015*):

142 (a) As used in this section, the following terms shall have the
143 following meanings unless the context clearly indicates another
144 meaning:

145 (1) "Department" means the Department of Economic and
146 Community Development;

147 (2) "Historic home" means a building that: (A) Will contain one-to-
148 four dwelling units of which at least one unit will be occupied as the
149 principal residence of the owner for not less than five years following
150 the completion of rehabilitation work, and (B) is (i) listed individually
151 on the National or State Register of Historic Places, or (ii) located in a
152 district listed on the National or State Register of Historic Places, and
153 has been certified by the department as contributing to the historic
154 character of such district;

155 (3) "Nonprofit corporation" means a nonprofit corporation
156 incorporated pursuant to chapter 602 or any predecessor statutes
157 thereto, having as one of its purposes the construction, rehabilitation,
158 ownership or operation of housing and having articles of incorporation
159 approved by the Commissioner of Economic and Community
160 Development in accordance with regulations adopted pursuant to
161 section 8-79a or 8-84;

162 (4) "Owner" means (A) any taxpayer filing a state of Connecticut tax
163 return who possesses title to an historic home, or prospective title to an
164 historic home in the form of a purchase agreement or option to
165 purchase, or (B) a nonprofit corporation that possesses such title or
166 prospective title;

167 (5) "Qualified rehabilitation expenditures" means any costs incurred
168 for the physical construction involved in the rehabilitation of an
169 historic home, but excludes: (A) The owner's personal labor, (B) the

170 cost of site improvements, unless to provide building access to persons
171 with disabilities, (C) the cost of a new addition, except as may be
172 required to comply with any provision of the State Building Code or
173 the Fire Safety Code, (D) any cost associated with the rehabilitation of
174 an outbuilding, unless such building contributes to the historical
175 significance of the historic home, and (E) any nonconstruction cost
176 such as architectural fees, legal fees and financing fees;

177 (6) "Rehabilitation plan" means any construction plans and
178 specifications for the proposed rehabilitation of an historic home in
179 sufficient detail to enable the department to evaluate compliance with
180 the standards developed under the provisions of subsections (b), (c)
181 and (m) of this section; and

182 (7) "Occupancy period" means a period of five years during which
183 one or more owners occupy an historic home as such owner's or
184 owners' primary residence. The occupancy period begins on the date
185 the tax credit voucher is issued by the Department of Economic and
186 Community Development.

187 (b) The Department of Economic and Community Development
188 shall administer a system of tax credit vouchers within the resources,
189 requirements and purposes of this section for owners rehabilitating
190 historic homes or taxpayers making contributions to qualified
191 rehabilitation expenditures. For income years commencing on or after
192 January 1, 2000, any owner shall be eligible for a tax credit voucher in
193 an amount equal to thirty per cent of the qualified rehabilitation
194 expenditures.

195 (c) The department shall develop standards for the approval of
196 rehabilitation of historic homes for which a tax credit voucher is
197 sought. Such standards shall take into account whether the
198 rehabilitation of an historic home will preserve the historic character of
199 the building.

200 (d) Prior to beginning any rehabilitation work on an historic home,

201 the owner shall submit a rehabilitation plan to the department for a
202 determination of whether such rehabilitation work meets the
203 standards developed under the provisions of subsections (b), (c) and
204 (m) of this section and shall also submit to the department an estimate
205 of the qualified rehabilitation expenditures.

206 (e) If the department certifies that the rehabilitation plan conforms
207 to the standards developed under the provisions of subsections (b), (c)
208 and (m) of this section, the department shall reserve for the benefit of
209 the owner an allocation for a tax credit equivalent to thirty per cent of
210 the projected qualified rehabilitation expenditures.

211 (f) Following the completion of rehabilitation of an historic home,
212 the owner shall notify the department that such rehabilitation has been
213 completed. The owner shall provide the department with
214 documentation of work performed on the historic home and shall
215 certify the cost incurred in rehabilitating the home. The department
216 shall review such rehabilitation and verify its compliance with the
217 rehabilitation plan. Following such verification, the department shall
218 issue a tax credit voucher to either the owner rehabilitating the historic
219 home or to the taxpayer named by the owner as contributing to the
220 rehabilitation. The tax credit voucher shall be in an amount equivalent
221 to the lesser of (1) the tax credit reserved upon certification of the
222 rehabilitation plan under the provisions of subsection (e) of this
223 section, or (2) thirty per cent of the actual qualified rehabilitation
224 expenditures. In order to obtain a credit against any state tax due that
225 is specified in subsections (i) to (l), inclusive, of this section, the holder
226 of the tax credit voucher shall file the voucher with the holder's state
227 tax return.

228 (g) Before the department issues a tax credit voucher, the owner
229 shall deliver a signed statement to the department which provides
230 that: (1) The owner shall occupy the historic home as the owner's
231 primary residence during the occupancy period, or (2) the owner shall
232 convey the historic home to a new owner who will occupy it as the

233 new owner's primary residence during the occupancy period, or (3) an
234 encumbrance shall be recorded, in favor of the local, state or federal
235 government or other funding source, that will require the owner or the
236 owner's successors to occupy the historic home as the primary
237 residence of the owner or the owner's successors for a period equal to
238 or longer than the occupancy period. A copy of any such encumbrance
239 shall be attached to the signed statement.

240 (h) The owner of an historic home shall not be eligible for a tax
241 credit voucher under subsections (b), (c) and (m) of this section, unless
242 the owner incurs qualified rehabilitation expenditures exceeding
243 fifteen thousand dollars.

244 (i) The Commissioner of Revenue Services shall grant a tax credit to
245 a taxpayer holding the tax credit voucher issued under subsections (d)
246 to (h), inclusive, of this section against any tax due under chapter 207,
247 208, 209, 210, 211 or 212 in the amount specified in the tax credit
248 voucher. The Department of Economic and Community Development
249 shall provide a copy of the voucher to the Commissioner of Revenue
250 Services upon the request of said commissioner.

251 (j) A credit allowed under this section shall not exceed thirty
252 thousand dollars per dwelling unit for an historic home, except that
253 such credit shall not exceed fifty thousand dollars per such dwelling
254 unit for an owner that is a nonprofit corporation.

255 (k) The tax credit granted under subsection (i) of this section shall be
256 taken in the same tax year in which the tax credit voucher is issued.
257 Any unused portion of such credit may be carried forward to any or all
258 of the four income years following the year in which the tax credit
259 voucher is issued.

260 (l) The aggregate amount of all tax credits which may be reserved
261 by the Department of Economic and Community Development upon
262 certification of rehabilitation plans under subsections (b) to (d),
263 inclusive, of this section shall not exceed [~~three~~] thirteen million dollars

264 in any one fiscal year.

265 (m) The Department of Economic and Community Development
266 may, in consultation with the Commissioner of Revenue Services,
267 adopt regulations in accordance with chapter 54 to carry out the
268 purposes of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014, and applicable to income years commencing on or after January 1, 2014</i>	10-416
Sec. 2	<i>July 1, 2015, and applicable to income years commencing on or after January 1, 2015</i>	10-416

Statement of Purpose:

To increase the amount of tax credits available under the historic homes tax credit program.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. DILLON, 92nd Dist.

H.B. 5004